

HOUSE FLOOR AMENDMENT

Second Reading

BY REPRESENTATIVE Garcia

1 Strike the Appropriations Committee Report, dated May 8, 2026, and
2 substitute:

3 "Strike the Finance Committee Report, dated March 19, 2026, and
4 substitute:

5 "Amend printed bill, strike everything below the enacting clause and
6 substitute:

7 "SECTION 1. In Colorado Revised Statutes, **add** part 3 to article
8 17 of title 24 as follows:

9 PART 3
10 PAYMENTS TO NONPROFIT GRANTEES

11 **24-17-301. Definitions.**

12 AS USED IN THIS PART 3, UNLESS THE CONTEXT OTHERWISE
13 REQUIRES:

14 (1) "ADMINISTERING STATE AGENCY" MEANS ANY DEPARTMENT,
15 COMMISSION, COUNCIL, BOARD, BUREAU, COMMITTEE, INSTITUTION OF
16 HIGHER EDUCATION, AGENCY, OR OTHER GOVERNMENTAL UNIT OF THE
17 EXECUTIVE, LEGISLATIVE, OR JUDICIAL BRANCH OF STATE GOVERNMENT,
18 INCLUDING THE OFFICE OF THE GOVERNOR, THAT ADMINISTERS A GRANT.

19 (2) "GRANT" MEANS AN AGREEMENT IN WHICH AN ADMINISTERING
20 STATE AGENCY AS GRANTOR TRANSFERS ANYTHING OF VALUE TO A
21 GRANTEE TO CARRY OUT A PUBLIC PURPOSE OF SUPPORT OR STIMULATION
22 AUTHORIZED BY LAW INSTEAD OF ACQUIRING PROPERTY OR SERVICES FOR
23 THE DIRECT BENEFIT OR USE OF THE ADMINISTERING STATE AGENCY. A
24 GRANT MAY INCLUDE A DISTRIBUTION OF MONEY. A GRANT DOES NOT
25 INCLUDE DONATIONS.

26 (3) "GRANTEE" MEANS A RECIPIENT OF A GRANT THAT IS A
27 NONPROFIT ORGANIZATION AND THAT HAS SUBMITTED WRITTEN PROOF OF
28 SUCH CLASSIFICATION TO THE ADMINISTERING STATE AGENCY THAT
29 AWARDED THE GRANT.

30 (4) "NONPROFIT ORGANIZATION" MEANS A CHARITABLE
31 ORGANIZATION, AS DEFINED IN SECTION 39-26-102 (2.5).

32 **24-17-302. Dispensation of payments under grant agreements
33 with nonprofit grantees.**

34 (1) NOTWITHSTANDING ANY PROVISION OF LAW TO THE
35 CONTRARY, AN ADMINISTERING STATE AGENCY MAY ADVANCE A PAYMENT
36 TO A GRANTEE ONLY FOR A STATE-FUNDED GRANT SUBJECT TO THE
37 FOLLOWING REQUIREMENTS:

38 (a) THE ADMINISTERING STATE AGENCY SHALL:

- 1 (I) HAVE AN EXISTING PROCESS OR DEVELOP A NEW PROCESS THAT
2 IS APPROVED BY THE STATE CONTROLLER TO DISPENSE AN ADVANCE
3 PAYMENT PURSUANT TO THIS SECTION;
- 4 (II) DISCLOSE THE AVAILABILITY OF ADVANCE PAYMENT IN ANY
5 NOTICE OF A GRANT FUNDING OPPORTUNITY, GRANT SOLICITATION,
6 REQUEST FOR APPLICATIONS, OR OTHER ANNOUNCEMENT ISSUED TO
7 PROSPECTIVE GRANTEEES. THE DISCLOSURE MUST INCLUDE:
- 8 (A) THE ELIGIBILITY CRITERIA AND DOCUMENTATION REQUIRED TO
9 REQUEST AN ADVANCE PAYMENT PURSUANT TO THIS SECTION;
- 10 (B) THE PROCESS BY WHICH A GRANTEE MAY REQUEST AN
11 ADVANCE PAYMENT FROM THE ADMINISTERING STATE AGENCY; AND
- 12 (C) THE APPROVAL PROCESS OF THE ADVANCE PAYMENT REQUEST;
- 13 (III) ENSURE THAT ANY ADVANCE PAYMENT TO A GRANTEE IS THE
14 MINIMUM AMOUNT NEEDED TO ACHIEVE THE OUTCOME OF ACTUAL,
15 IMMEDIATE CASH REQUIREMENTS OF THE GRANTEE IN CARRYING OUT THE
16 GRANT OBJECTIVE; AND
- 17 (IV) USE THE OFFICE OF THE STATE CONTROLLER'S RISK
18 ASSESSMENT TOOL TO DETERMINE WHETHER A GRANTEE IS HIGH, MEDIUM,
19 OR LOW RISK AND ALLOW ADVANCE PAYMENT ONLY TO A GRANTEE THAT
20 IS DETERMINED TO BE LOW RISK. AN ADMINISTERING STATE AGENCY MAY
21 MODIFY THE CONSIDERATIONS IN THE RISK ASSESSMENT TOOL DEPENDING
22 ON THE SPECIFIC SITUATION.
- 23 (b) THE GRANTEE SHALL:
- 24 (I) PROVIDE AN ITEMIZED BUDGET TO THE ADMINISTERING STATE
25 AGENCY FOR THE ELIGIBLE COSTS THAT THE ADVANCE PAYMENT WILL
26 COVER, THE INDIRECT OR OTHER COSTS THAT THE GRANTEE NEEDS TO
27 OPERATE, A SPENDING TIMELINE, AND A WORKPLAN DEVELOPED IN A FORM
28 AND MANNER SPECIFIED BY THE ADMINISTERING STATE AGENCY;
- 29 (II) SUBMIT DOCUMENTATION, AS REQUIRED BY THE
30 ADMINISTERING STATE AGENCY, TO SUPPORT THE NEED FOR ADVANCE
31 PAYMENT, WHICH MAY INCLUDE INVOICES, CONTRACTS, ESTIMATES,
32 PAYROLL RECORDS, AND FINANCIAL RECORDS TO DEMONSTRATE THE
33 MINIMUM AMOUNT NEEDED TO ACHIEVE THE GRANT OBJECTIVE AND BE
34 TIMED WITH ACTUAL, IMMEDIATE, CASH REQUIREMENTS OF THE GRANTEE;
- 35 (III) IF REQUIRED BY THE ADMINISTERING STATE AGENCY AND
36 STIPULATED WITHIN THE GRANT AGREEMENT, OBTAIN INSURANCE IN AN
37 AMOUNT COMMENSURATE WITH THE ASSESSED RISK DETERMINED BY THE
38 ADMINISTERING STATE AGENCY PURSUANT TO SUBSECTION (1)(a)(IV) OF
39 THIS SECTION;
- 40 (IV) ESTABLISH PROCEDURES TO MINIMIZE THE AMOUNT OF TIME
41 THAT ELAPSES BETWEEN THE TRANSFER OF MONEY AND THE EXPENDITURE
42 OF THE MONEY BY THE GRANTEE;
- 43 (V) PROVIDE A PROGRESS REPORT TO THE ADMINISTERING STATE

1 AGENCY FOLLOWING THE EXPENDITURE OF AN ADVANCE PAYMENT THAT
2 INCLUDES A SUMMARY OF WORK COMPLETED, PROOF OF EXPENDITURE,
3 AND OTHER ASSOCIATED INFORMATION AS DETERMINED BY THE
4 ADMINISTERING STATE AGENCY; AND

5 (VI) DISCLOSE ITS INTERNAL CONTROLS INCLUDING THE
6 BACKGROUND OF THE GRANTEE'S MANAGEMENT, THE MANAGEMENT'S
7 COMMITMENT TO INTEGRITY AND ETHICAL VALUES, A RISK ASSESSMENT
8 THAT IDENTIFIES THE RISKS OF ACHIEVING THE OBJECTIVES OF THE GRANT,
9 CONTROL ACTIVITIES SUCH AS AUTHORIZATION AND SEGREGATION OF
10 DUTIES, PREVENTATIVE, DETECTIVE, AND CORRECTIVE CONTROLS,
11 INFORMATION SYSTEMS INCLUDING THE FINANCIAL SYSTEM THAT WILL BE
12 USED TO TRACK AND REPORT GRANT SPENDING, AND MONITORING OF THE
13 GRANT.

14 (c) ADVANCE PAYMENTS AUTHORIZED PURSUANT TO THIS SECTION
15 ARE LIMITED TO THE MINIMUM IMMEDIATE CASH REQUIREMENT OF THE
16 GRANTEE THAT ARE NECESSARY TO ACHIEVE THE GRANT OBJECTIVE. THE
17 GRANTEE SHALL PROPOSE THE MINIMUM AMOUNT NEEDED TO ACHIEVE THE
18 GRANT OBJECTIVE AND THE CONTROLLER OF THE ADMINISTERING STATE
19 AGENCY SHALL REVIEW AND DETERMINE WHETHER TO ACCEPT THE
20 AMOUNT OR PROPOSE AN ALTERNATIVE AMOUNT BASED ON THE
21 REQUIREMENTS SPECIFIED IN SUBSECTIONS (1)(a) AND (1)(b) OF THIS
22 SECTION. THE CONTROLLER OF THE ADMINISTERING STATE AGENCY SHALL
23 FORWARD ADVANCE PAYMENT REQUESTS TO THE STATE CONTROLLER FOR
24 APPROVAL.

25 (2) A GRANTEE SHALL RETURN TO THE ADMINISTERING STATE
26 AGENCY ALL UNUSED MONEY PROVIDED AS AN ADVANCE PAYMENT BUT
27 NOT EXPENDED WITHIN THE GRANT AGREEMENT TIMELINE.

28 (3) A GRANTEE THAT IS PAID A PERCENTAGE OF THE TOTAL VALUE
29 OF THE PAYMENTS UNDER A GRANT AGREEMENT WITH AN ADMINISTERING
30 STATE AGENCY IMMEDIATELY UPON EXECUTING THE GRANT AGREEMENT
31 MUST COMPLY WITH ALL OF THE REPORTING REQUIREMENTS SPECIFIED IN
32 THE GRANT AGREEMENT.

33 (4) IF AN ADMINISTERING STATE AGENCY OR THE OFFICE OF THE
34 STATE CONTROLLER DENIES A GRANTEE'S REQUEST FOR ADVANCE
35 PAYMENT, THE ADMINISTERING STATE AGENCY SHALL PROVIDE THE
36 GRANTEE WITH A WRITTEN EXPLANATION OF THE DEFICIENCIES IN THE
37 APPLICATION FOR ADVANCE PAYMENT THAT DETERMINED THE DECISION
38 TO DENY THE REQUEST. THE ADMINISTERING STATE AGENCY SHALL MAKE
39 THE ELEMENTS AND RESULTS OF THE RISK ASSESSMENT DETERMINED
40 PURSUANT TO SUBSECTION (1)(a)(IV) OF THIS SECTION AVAILABLE TO THE
41 GRANTEE.

42 (5) NOTHING IN THIS SECTION PREVENTS AN ADMINISTERING STATE
43 AGENCY, IN PROVIDING FUNDING TO A GRANTEE AS DESCRIBED IN THIS

1 SECTION, FROM USING A WAIVER PROCESS AVAILABLE THROUGH FISCAL
2 RULES ADOPTED BY THE STATE CONTROLLER OR RULES ADOPTED BY A
3 FEDERAL GOVERNMENTAL ENTITY TO DISPENSE A PERCENTAGE OF THE
4 TOTAL VALUE OF THE PAYMENTS UNDER THE GRANT AGREEMENT TO THE
5 GRANTEE IMMEDIATELY UPON EXECUTING OR RENEWING THE GRANT
6 AGREEMENT.

7 (6) NOTHING IN THIS SECTION LIMITS, PROHIBITS, OR SUPERCEDES
8 ANY EXISTING PAYMENT OR GRANT-MAKING AUTHORITY OR POWERS OF A
9 STATE AGENCY.

10 **SECTION 2. Appropriation.** (1) For the 2026-27 state fiscal
11 year, \$34,146 is appropriated to the department of personnel for use by
12 the division of accounts and control. This appropriation is from the
13 general fund. To implement this act, the division may use this
14 appropriation as follows:

15 (a) \$26,634 for personal services related to financial operations
16 and reporting, which amount is based on an assumption that the division
17 will require an additional 0.5 FTE; and

18 (b) \$7,512 for operating expenses related to financial operations
19 and reporting.

20 **SECTION 3. Act subject to petition - effective date.** This act
21 takes effect at 12:01 a.m. on the day following the expiration of the
22 ninety-day period after final adjournment of the general assembly (August
23 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a
24 referendum petition is filed pursuant to section 1 (3) of article V of the
25 state constitution against this act or an item, section, or part of this act
26 within such period, then the act, item, section, or part will not take effect
27 unless approved by the people at the general election to be held in
28 November 2026 and, in such case, will take effect on the date of the
29 official declaration of the vote thereon by the governor."

30 Page 1, line 102, strike "CONTRACT" and substitute "GRANT
31 AGREEMENT".

32 Page 1, line 104, strike "CONTRACT." and substitute "GRANT
33 AGREEMENT, AND, IN CONNECTION THEREWITH, MAKING AN
34 APPROPRIATION."."

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